



Health Services

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May 22, 2007

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

PUBLIC HEARING ON RATE CHANGES FOR THE DEPARTMENT OF HEALTH SERVICES (All Districts) (3 Votes)

IT IS RECOMMENDED THAT YOUR BOARD, AFTER THE PUBLIC
HEARING:

1. Approve the new or updated rates for services rendered at the Department of Health Services (DHS) operated health facilities, as reflected on Attachments I through VI, to be effective June 1, 2007.
2. Eliminate previously approved hospital inpatient, hospital outpatient, and non-hospital based outpatient charges listed on Attachment I page 6 of 6, Attachment II page 12 of 12, and Attachment III-E that are no longer needed at DHS facilities.

PURPOSE/JUSTIFICATION OF RECOMMENDATION:

Hospital Inpatient Rates

Attachment I contains the complete inpatient rates for our five DHS hospitals. In approving these rates, the Board is:

- A. Adjusting the Hospital & Related Staff Services rate for the Hospital Services components at Harbor/UCLA Medical Center (except for Cadaver Kidney Acquisition and Live Donor Kidney rates) and Martin Luther King, Jr. – Harbor Hospital. In addition, the Hospital Services components for Intensive Care – Adults, Intensive Care - Pediatrics, Neonatal Intensive Care Unit, OB Mother, and Psychiatric services at Olive View/UCLA Medical Center are being adjusted. These rates have been revised to ensure charges will sufficiently cover costs, while maximizing reimbursement.

- B. Revising the descriptions from: a) OB Special Care Nursery - Mother Discharged to OB Special Care Nursery, and Trauma Transitional Care Unit to Stepdown "Intermediate Care" Unit at Harbor/UCLA Medical Center and; b) Pediatric Intermediate Care to Intermediate Care at Martin Luther King, Jr. – Harbor Hospital. These name changes provide more accurate descriptions of the services provided.
- C. Eliminating the Cadaver Kidney Harvest, Nursery Acute (no related delivery), Nursery-Newborn (mother is ineligible), OB Special Care Nursery-Mother & Baby In-house and Surgery rate levels 1 through 7 at Harbor/UCLA Medical Center, and the Nursery Acute (no related delivery) and Nursery-Newborn (mother is ineligible) at Martin Luther King, Jr. – Harbor Hospital. These rates are no longer needed or are invalid for billing purposes.

Hospital Outpatient Rates

Attachment II contains the complete outpatient rates for our five DHS hospitals. By approving these rates, the Board is:

- A. Adjusting the Hospital Services components at Harbor/UCLA Medical Center (except Special Outpatient Services) and Martin Luther King, Jr. – Harbor Hospital.
- B. Adding two new Surgery rate levels at Olive View/UCLA Medical Center.
- C. Eliminating the Home Health Agency Services rates at LAC+USC Medical Center and the Observation Outpatient rates at all five DHS hospitals and High Desert Health System as these rates are no longer needed.

Comprehensive Health Center and Health Center Rates

Attachments III-A through III-D contain the complete rates for the non-hospital based Comprehensive Health Centers and Health Centers operated by DHS. There is no change to these rates.

Attachment III-E reflects the Observation Outpatient rates that are no longer needed at the non-hospital based health centers.

State and Federal Program Services Requiring Itemized Billing

Attachment IV contains the new or updated charges that will be billed to programs requiring itemized billing. Additionally, new procedure codes are added periodically to these programs. New procedure codes introduced by a program, subsequent to

June 1, 2007, will be analyzed and assigned one of the 44 all-inclusive rates listed as Undesignated Procedure Codes until the next rate adjustments are submitted for Board approval. The rates assigned to these procedures will be selected to approximate, as closely as possible, rates assigned to other procedures that use equivalent equipment, supplies, personnel, and other resources.

Family Planning Access Care and Treatment (Family PACT) and Cancer Detection Program (CDP) Services

Attachments V-A and V-B contain the proposed rates for services within the Family PACT and CDP scope of benefits to ensure that charges sufficiently cover costs. On occasion, some of these same services are billed to other payors that require itemized charges. These rates will be consistent across all payers who are billed on an itemized basis for these services. Nothing in Attachment V-A is intended to limit the delegation of authority previously made to the Director of Health Services to modify the charges assessed for those Family PACT services that must, by law, equal costs.

Outpatient Pharmacy Services

DHS participates in a variety of discount purchasing programs, each of which establishes distinct terms and conditions for participation. Generally, to participate, facilities are required to bill for drugs and supplies at acquisition cost, plus a dispensing or handling fee, where applicable. Attachment VI reflects the updated dispensing/handling fee for outpatient pharmacy services.

FISCAL IMPACT/FINANCING:

Approval of the rate changes will allow DHS to comply with various program billing requirements, and maximize outpatient Medicare, Family PACT, and CDP reimbursements.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

With the exception of certain public health services, the County is required by Section 2.76.350 of the County Code to pursue recovery of the costs of patient care services rendered by DHS. The proposed rates should recover such costs. The last change to DHS' charges was implemented effective January 25, 2005.

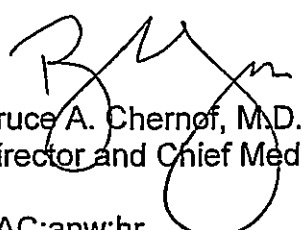
Pursuant to Government Code Section 66018, a public hearing is required prior to the approval of a change to an existing fee. Also, as required by that law, a notice of Public Hearing (Attachment VII) is to be published by the Executive Office in accordance with Government Code Section 6062a.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Since many of the Department's patients are not responsible for paying DHS' charges due to contract or other program reimbursement limits, these billing rate adjustments should not change these individuals' access to health services. In addition, uninsured DHS patients with limited financial resources can utilize one of the County's No Cost/Low Cost plans, such as the Ability-to-Pay plan and Outpatient Reduced-Cost Simplified Application plans. These plans result in patient liability, which is almost always significantly less than charges. Accordingly, the rate increases should not have a material impact on these individuals.

When approved, this Department requires two signed copies of the Board's action.

Respectfully submitted,


Bruce A. Chernof, M.D.
Director and Chief Medical Officer

BAC:anw:hr

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Attachments

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

Board Agenda: May 22, 2007

FACT SHEET

RE: PUBLIC HEARING ON RATE CHANGES FOR THE DEPARTMENT OF HEALTH SERVICES

CONTACT PERSON:

Lily Wun-Nagaoka, Acting Chief, Fiscal Programs
Telephone: (213) 240-8109
lnagaoka@ladhs.org

SUBJECT:

The Director of Health Services is requesting the Board to approve proposed rate adjustments for the Department of Health Services (DHS).

REQUESTED ACTION:

The Board is being asked to:

1. Approve inpatient rate adjustments for: a) the Hospital & Related Staff Services rate for Surgical services at Harbor/UCLA Medical Center; b) the Hospital Services components at Harbor/UCLA Medical Center and Martin Luther King, Jr. – Harbor Hospital; and c) the Hospital Services components for Intensive Care-Adults, Intensive Care Pediatrics, Neonatal Intensive Care Unit, OB Mother, and Psychiatric services at Olive View/UCLA Medical Center.
2. Approve description changes from: a) OB Special Care Nursery-Mother Discharged to OB Special Care Nursery, and Trauma Transitional Care Unit to Stepdown "Intermediate Care" Unit at Harbor/UCLA Medical Center and; b) Pediatric Intermediate Care to Intermediate Care at Martin Luther King, Jr. – Harbor Hospital. These name changes provide more accurate descriptions of the services provided.
3. Approve outpatient rate adjustment for the Hospital Services components at Harbor/UCLA Medical Center and Martin Luther King Jr. – Harbor Hospital.
4. Approve adding two new outpatient Surgery levels at Olive View/UCLA Medical Center.
5. Approve eliminating: a) the inpatient Cadaver Kidney Harvest, Nursery Acute (no related delivery), Nursery-Newborn (mother is ineligible), OB Special Care Nursery-Mother & Baby In-house and Surgery rate levels 1 through 7 at Harbor/UCLA Medical Center; b) the inpatient Nursery Acute (no related

FACT SHEET (continued)

delivery) and Nursery-Newborn (mother is ineligible) at Martin Luther King, Jr. – Harbor Hospital; c) the outpatient Home Health Agency Services rates at LAC+USC Medical Center; and d) the Observation Outpatient rates at all five (5) DHS hospitals, High Desert Health System and all Comprehensive Health Centers and Health Centers. These rates are no longer needed for billing purposes.

6. Approve new or updated rates for: a) program services requiring itemized billing; b) Family Planning Access Care and Treatment (FPACT); c) Cancer Detection Program (CDP); and d) Outpatient Pharmacy dispensing fee.
7. Approve all of the above recommended changes to become effective on June 1, 2007.

PROGRAM:

Government Code Section 66018 requires that proposed rate changes, such as those herein, be preceded by: a) publication of a notice twice in a newspaper which is published once a week or more often; and, b) a public hearing to be held during a regular meeting of the Board.

PROGRAM AMOUNT:

Approval of these rates will allow DHS to continue complying with the various State and Federal programs requiring itemized billing such as the Medicare Outpatient Prospective Payment System, Family PACT, and CDP. The estimated reimbursement generated from these programs is approximately \$14.0 million.

TERMINATION PROVISION:

Not applicable.

TERM:

Not applicable.

AUTOMATIC RENEWAL:

Not applicable.

FIRST BOARD APPROVED APPLICATION:

Not applicable.

FACT SHEET (continued)

APPLICATION EXPIRATION:

Not applicable.

RETROACTIVE AGREEMENT:

Not applicable.

REQUEST FOR PROPOSALS (RFP) PROCESS:

Not applicable.

SOLE SOURCE JUSTIFICATION:

Not applicable.

SMALL BUSINESS WEBSITE:

Not applicable.

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